

SENATE FINANCE COMMITTEE
February 3, 2021
9:01 a.m.

9:01:45 AM

CALL TO ORDER

Co-Chair Bishop called the Senate Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson (via teleconference)
Senator Natasha von Imhof
Senator Bill Wielechowski
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Neil Steininger, Director, Office of Management and Budget, Office of the Governor.

PRESENT VIA TELECONFERENCE

Bryan Butcher, Chief Executive Officer and Executive Director, Alaska Housing Finance Corporation, Department of Revenue.

SUMMARY

SB 50 APPROP: CAP; REAPPROP; SUPP; AMEND

SB 50 was HEARD and HELD in committee for further consideration.

#sb50

SENATE BILL NO. 50

"An Act making appropriations, including capital appropriations, reappropriations, and other appropriations; making supplemental appropriations; making appropriations to capitalize funds; and providing for an effective date."

9:02:32 AM

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, discussed the presentation, "FY2022 Capital Budget Overview, SB 50 and SB 51 - February 2, 2021" (copy on file). He noted that the capital budget coordinator for the Office of Management and Budget (OMB) was available via teleconference. He noted that there was a summary spreadsheet document entitled "Capital Project Summary" (copy on file) that would provide more details. The first column tied to the slide numbers of the presentation, and the second column tied to the line numbers on the slides. The document was a brief summary of the capital project write-ups that were available on OMB's website.

Mr. Steininger looked at slide 2, "FY2022 Capital Budget and Supplemental Overview," which showed a data table of proposed capital appropriations. The projects were for FY 22 and were in SB 50 (the governor's capital budget) as well as SB 51 (the mental health budget inclusive of capital items). He noted that there were also FY 21 supplemental projects that were under consideration and were spread across three different bills. The projects had effective dates in the current fiscal year and were broken across three bills: SB 50, the fast-track supplemental bill, and the "regular" supplemental bill.

Mr. Steininger detailed that the Unrestricted General Fund (UGF) for the capital budget was significantly lower than previous years as a result of utilization of Alaska Housing Finance Corporation (AHFC) bonding. He commented that the interest rate and cash position of the state were factors in considering bonding as a way to maintain liquidity. A lot of what would have been UGF capital projects were represented in the "Other funds" column. There was about \$101 million worth of bonding proposed in SB 50.

Mr. Steininger noted that the Mental Health Capital Budget included mostly annual recurring items that were recommendations from the Alaska Mental Health Trust

Authority (AMHTA). He stated he would go into detail on all the projects that made up the numbers.

[9:06:52 AM](#)

Co-Chair Bishop inquired about negative spending in the supplemental as shown on slide 2. He pointed out a decrement \$12.7 million in the UGF column under the "SB50 Supplemental in Gov" row.

Mr. Steininger explained that in SB 50 there were repeals of leftover funds from projects and the authority would be removed, which was reflected as a negative appropriation. Elsewhere in the operating budget, the funds had been utilized to capitalize the Alaska Capital Income Fund. The funds showed a positive spend in the operating budget, resulting in a net zero.

Senator von Imhof asked if the fund adjustments described by Mr. Steininger were merely accounting or represented cash flow.

Mr. Steininger relayed that the slide reflected a bit of both accounting and cash flow. He explained that tracking operating and capital budget items were separate in the state's accounting and budget systems. He stated when appropriation authority was moved from one area to the other, it created a negative in one and a positive in the other. The item questioned by Co-Chair Bishop signified an accounting method of reflecting a cash flow need and future appropriation.

Senator von Imhof thought it sounded as though some surplus cash was moving from completed projects into the Capital Income Fund and could be redeployed as the legislature saw fit.

Mr. Steininger agreed with Senator von Imhof's assessment.

[9:10:08 AM](#)

Senator Hoffman looked at the \$12.5 million in negative funds shown on the slide and asked if all the projects with remaining funds were state projects or were projects from specific districts.

Mr. Steininger stated that the funds represented projects throughout the state, including some from specific districts. There was a handful of transportation projects that would be for specific road projects. All the projects had been completed under budget.

Co-Chair Stedman informed that he had asked staff to consolidate the supplemental items spread over the three pieces of legislation as mentioned by Mr. Steininger in order to have a clear demarcation in current and past year spending. He discussed ways of formatting the supplemental items for clarity.

Co-Chair Bishop thought it could be debated that the funding could be shown as revenue instead of a negative balance.

Mr. Steininger thought there was a difference in the way the Legislative Finance Division (LFD) and the Office of Management and Budget (OMB) had historically looked at the type of transfer being discussed. The administration felt that showing the \$12.7 million as a reduction in the amount available for capital (rather than a positive in revenue) better reflected the action being performed.

Mr. Steininger spoke to slide 3, "Capital Budget Five Year Overview FY2018 - FY2022," which showed a bar graph depicting a five-year lookback in capital budgets. He pointed out the column on the far right which showed the difference between the capital budget in FY 21 and what was proposed for FY 22. The FY 21 numbers were reflective of the supplemental appropriations discussed earlier. He made note of a dramatic decrease in UGF, which he contended had to do with the utilization of bonding to cover UGF needs in the capital budget. He noted that there was an overall slight increase of about \$30 million in total capital appropriations proposed, primarily coming from the \$52.9 increase in federal revenues.

Co-Chair Bishop asked if there were Other fund sources other than AHFC funds.

Mr. Steininger stated there were plenty of other fund sources utilized for capital projects. He mentioned community partners or other arrangements as ways of finding other groups to assist in meeting federal matching fund requirements.

9:14:10 AM

Mr. Steininger referenced slide 4, "Capital Budget History FY2011 - FY2022," which showed a bar graph giving a more long-term view of past capital budgets. He pointed out the UGF capital spending had been stable but low over the previous several fiscal years, since the higher capital budgets appropriated in FY 12 and FY 13, and lower but still high capital budgets in FY 14 and FY 15.

Senator von Imhof thought Alaska had been fortunate in having consistent annual federal match for highways and airports. She asked about a five-year bill passed by the federal government several years previously. She wondered about the timing and if the federal match would continue. She wondered if there was another upcoming federal bill that would result in Alaska getting more funds.

Mr. Steininger acknowledged he was not an expert in the federal appropriations process. He agreed that the state had a fairly generous match on the Surface Transportation Infrastructure Program, that brought in a lot of the federal receipts shown on the slide in light blue. He did not want to speculate about what might happen at the federal level. He thought there might be staff at the Department of Transportation and Public Facilities (DOT) that tracked such developments more closely.

Senator von Imhof thought the committee should query DOT to hear what to expect in the future and where the state was in the cycle of federal allocation.

9:16:19 AM

Co-Chair Stedman thought the committee should consider the significant capital coming into the state via the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as through a federal highway bill. He recalled a \$30 million increase per year. He thought it might be interesting for the committee to know how much of project funding was built into specific years. He thought DOT, OMB, or LFD could put together a document that showed how much capital funding was spent in each year. He discussed bond issuance and expenditure of funds over time. He mentioned the need for economic stimulus around the state and thought

it would be interesting to see how much DOT had expended in the previous two or three years.

Co-Chair Bishop informed Mr. Steininger that the committee would request a list of projects going forward. He mentioned a potential bond package. He wanted to ensure that the legislature did not "overheat" the economy. He emphasized that the goal was to put Alaskans to work rather than hire many out-of-state contractors. He reiterated that the committee would want to see a detailed list of the governor's proposed projects by district.

Co-Chair Bishop noted that when OMB put out the deferred maintenance list and capital project list, he was interested in seeing how much funding would be put on the street versus how much of the work was proposed to be done in-house.

[9:20:14 AM](#)

Mr. Steininger spoke to Co-Chair Stedman's comment and noted that the previous day OMB had posted its capital appropriation status report, which included information on the status of historical projects and informed about the amount of funds that had been appropriated versus what was still unobligated. He encouraged members to look at the document, which provided details about individual prior projects.

Co-Chair Stedman thought the document Mr. Steininger mentioned would be a good baseline for the committee to consider. He appreciated the information and thought the document would make putting the requested information together much easier.

Mr. Steininger turned to slide 5, "FY2022 Capital Budget Snapshot," which showed a data table with proposed capital projects broken down by department. He pointed out that the Department of Environmental Conservation (DEC) had \$24 million in the "FY 22 Other" column, which was one area where the administration had utilized AHFC's bonding. In a normal year, the bulk of the funds would appear in the UGF column and were for the Village Safewater Project. He pointed out the \$19.8 million in UGF and \$144.7 in the Other column for DOT. He added that the \$144.7 million signified the other location AHFC bonds were utilized, in

this case to cover the Surface Transportation Infrastructure Program.

Senator von Imhof asked about the \$49 million shown under the Office of the Governor on slide 5.

Mr. Steininger explained that the \$49 million in the Office of the Governor was for deferred maintenance in FY 22. Several years previously the administration had transitioned to a shared pool of deferred maintenance allocated through a process with the Statewide Facilities Council and the Division of Facilities Services.

Senator von Imhof wondered if there was a rubric used to vet projects.

Mr. Steininger stated that there were many different factors used in the decision process. He recounted that in the past every agency had its own way of ranking projects, and the administration was working towards a more standardized method. He noted that one capital request in the bill was for a maintenance management system, which was an ongoing project that tried to combine the disparate tracking methods into one location. He commented on the large volume of projects that needed tracking, and the time-intensive process to prioritize across all agencies.

[9:24:23 AM](#)

Senator Wilson referenced AHFC bonding for the Village Safewater Program for DEC. He asked if Mr. Steininger had a list of other bonding projects.

Mr. Steininger explained that there were two different bonding proposals that had been put forward. In the traditional capital budget, there was bonding through AHFC in the amount about \$100 million. The \$350 million general obligation (GO) bond package was not yet released and there was not a project list ready to be publicly released. He affirmed that when the list was released it would be shared with the committee along with information on the projects and how the list was determined.

Senator Wilson asked when Mr. Steininger expected the information to be available.

Mr. Steininger did not have an estimated date but thought the list would be ready as soon as the administration was able.

Mr. Steininger considered slide 6, "FY2022 Projects by Department":

Commerce, Community & Economic Development

1. Community Block Grants \$6,060.0 (\$60.0 GF Match, \$6,000.0 Fed)
2. National Petroleum Reserve \$9,100.0 Fed - Alaska Impact Grant Program National Petroleum Reserve Fund
3. AMCO Enforcement Case Management and Investigations Report Writing System \$200.0 (\$100.0 UGF, \$100.0 DGF - Program Receipts)
4. Alaska Energy Authority - Alaska Cargo and Cold Storage \$21,000.0 Fed
5. Alaska Energy Authority - Alternative Energy and Energy Efficiency Programs \$5,000.0 Fed
6. Alaska Energy Authority - Bulk Fuel Upgrades \$13,000.0 (\$5,000.0 DGF - PCE Endowment, \$7,500.0 Fed)
7. Alaska Energy Authority - Rural Power Systems Upgrades \$17,500.0 (\$5,000.0 DGF - PCE Endowment, \$12,500.0 Fed)
8. Alaska Travel Industry Association \$5,000.0 DGF - Vehicle Rental Tax
9. Inter-Island Ferry Authority \$250.0 UGF

Mr. Steininger referenced an additional document titled "Capital Project Summary," (copy on file); which would have further details that corresponded with the item numbers of the projects listed on the slide. He pointed out standard recurring projects and a new project.

Senator Hoffman relayed that he had been excited when the governor had asserted that he was making Alaska a more affordable place to live. He had expected to see more capital projects focused on the issue. He observed that the vast majority of the Alaska Energy Authority funds going towards the Alaska Cargo and Cold Storage, which he supported. He asked if there was another place in the budget or part of the bond package that signified the governor's support for making the state more affordable. He discussed high energy costs, which he thought were a large part of Alaskan's expenditure of disposable income.

[9:29:13 AM](#)

Mr. Steininger thought there was a couple of projects that could address the matter, but the projects were ongoing rather than additional investment. He could not speak to what would be included in the bonding package. He asserted that the administration was open to looking at ways that could reduce energy costs in the state. In addition, he thought part of the matter was looking at state regulations and other changes that could assist in lowering energy costs outside capital appropriations.

Senator Hoffman thought one of the most effective and successful projects reducing energy costs in the state was the weatherization program, which had resulted in lowering heating costs by 40 to 60 percent. He commented that the state had spent hundreds of millions but had saved millions of dollars for Alaskans. He expected something of the same magnitude given the comments made by the governor.

Co-Chair Stedman remarked that he had worked on energy projects with Senator Hoffman. He wanted the administration to consider debt relief, which he thought would provide immediate economic response. He did not think a bond package was immediate enough. He thought if the legislature could come up with mechanisms to immediately lower energy costs in homes it would be beneficial for the state. He discussed targeted debt reduction on utilities. He recognized there were numerous utilities of various sizes, and thought it was important to help citizens sooner rather than later.

[9:33:01 AM](#)

Senator von Imhof thought the legislature and the administration faced the challenge of balancing the present and the future that Co-Chair Stedman alluded to. She agreed that citizens of Alaska needed to see immediate relief. She thought CARES Act funding should provide some immediate relief in various areas. She did not want to ignore future needs of rural energy and Railbelt energies that included new technologies. She recalled Senator Hoffman had provided information on a hydro project in Dillingham. She thought such projects needed planning and strategy but were meaningful to the state when completed.

Co-Chair Bishop thought the state should take a serious look at getting the Susitna project to a Federal Energy

Regulatory Commission (FERC) application and building out the intertie. He mentioned hydro projects in Southeast Alaska and in Kodiak and thought the projects would free up funds for alternative energy projects in rural areas.

Co-Chair Bishop mentioned item 7 on slide 6, which used Power Cost Equalization (PCE) Endowment funds for rural power systems upgrades. He asked if the proposed spending overdrew the PCE fund by leveraging the dollars.

Mr. Steininger did not believe that the \$5 million from PCE for the rural power system upgrade overdrew the fund.

Co-Chair Stedman asked if the PCE Fund was in overdraw.

Mr. Steininger did not believe the fund was overdrawn.

Co-Chair Bishop asked for confirmation.

Mr. Steininger agreed to provide a definitive answer.

Co-Chair Stedman was under the impression the PCE Fund was under strain and wanted more information. He thought the PCE Fund had been mentioned in the context of sweepable funds. He thought there was a lot of pressure on the fund already. He wondered if Mr. Steininger had a comment on the matter.

Mr. Steininger recalled that the PCE Fund had lower earnings in the prior years, which had impacted the deposit into the Community Assistance Fund. He agreed to get back to the committee with a more detailed accounting of the appropriations from the PCE Fund and the earnings of the fund.

[9:37:49 AM](#)

Senator Hoffman was very familiar with the PCE Fund. He thought the first call of the fund was for assistance to lower energy costs, the second call was for community assistance, and the third call was for projects such as listed under item 7 on slide 6. He asked for Mr. Steininger to provide a spreadsheet detailing how the earnings would be spent under the three categories in order to ensure that the fund was not being overdrawn.

Co-Chair Bishop commented that the \$5 million for Department of Commerce, Community and Economic Development (DCCED) for the travel industry would be an item the committee would watch due to an unknown tourist season.

Senator von Imhof asked for more details.

Co-Chair Bishop elaborated that the size of the cruise season was unknown. He wondered about the receipt authority and the vehicle rental tax. He wanted to know the administration's opinion as to whether the amount would reach the \$5 million threshold.

Senator von Imhof thought that while the state might not have a cruise industry as robust as in the past, there were individuals coming to the state via travel. She thought Alaska was a prime destination, and Europe was currently more difficult to reach. She commented on the space available in the state for social distancing. She thought it would be in the state's interest to continue promoting for travel just because of reduced cruise ship traffic.

Co-Chair Bishop clarified that he was not proposing to eliminate the funding. He wanted to ensure the appropriate fund source was used so there was not a supplemental request in the out years.

Co-Chair Stedman agreed that the committee should continue to examine the fund source for the appropriation. He agreed with Senator von Imhof that it was important to bring tourism back to the state as soon as possible.

[9:41:07 AM](#)

Mr. Steininger displayed slide 7, "FY2022 Projects by Department":

Corrections

1. Seven New Facility Body Scanners \$1,500.0 UGF
2. Point Mackenzie Correctional Farm Produce Processing Plant \$1,500.0 UGF

Environmental Conservation

1. Clean Water Capitalization Grant Subsidy \$2,000.0 Other (Clean Water Loan Fund)
2. Drinking Water Capitalization Grant Subsidy \$5,800.0 Other (Drinking Water Fund)

3. Village Safe Water and Wastewater Infrastructure Projects: Expansion, Upgrade, and Replacement of Existing Service \$30,538.0 (\$9,438.0 Other - AHFC Bonds, \$200.0 Other - SDPR, \$20,900.0 Fed)
4. Village Safe Water and Wastewater Infrastructure Projects: First Time Service Projects \$37,942.0 (\$6,292.0 Other - AHFC Bonds, \$300.0 Other - SDPR, \$31,350.0 Fed)

Senator Wilson asked for a list of the usage for the current body scanners. He understood that some of the scanners were not being utilized.

Mr. Steininger agreed to provide more information. He noted there were old full-body scanners that were not effective in detecting all the types of contraband that came into facilities. The new body scanners had shown success in finding materials that previous scanners had not.

Co-Chair Stedman referenced slide 6. He thought the Vehicle Rental Tax was an operating budget item, and the committee would work to make sure the appropriation was in the budget and keep an eye on the fund source. He mentioned item 9 and the \$250,000 for the Inter-Island Ferry Authority (IIFA). He acknowledged that the Alaska Marine Highway System (AMHS) had some difficulties. He noted that the IIFA went from Ketchikan to Metlakatla. He asserted that if the IIFA was not helped enough and was unable to provide services, it would cost much more for the AMHS to back up the service. He thought the \$250 thousand proposed was a small price and was not sufficient. He was concerned about the IIFA's backup of deferred maintenance.

Co-Chair Bishop asked Mr. Steininger to provide a list of DEC wastewater and drinking water projects.

[9:44:52 AM](#)

Mr. Steininger highlighted slide 8, "FY2022 Projects by Department":

Fish and Game

1. Pacific Salmon Treaty Chinook Fishery Mitigation \$7,700.0 Fed
2. 2018 Sockeye Salmon Disaster - Chignik Area \$2,000.0 Fed

3. Endangered Species Act - Legal and Research Needs to Protect State Right to Manage \$4,000.0 (\$250.0 GF Match, \$750.0 UGF, \$3,000.0 Fed)
4. Pacific Cod Disaster Funding - 2018 Gulf of Alaska \$1,000.0 Fed
5. Copper River Boat Launch Facilities Improvements \$165.0 Other - Fish & Game Fund
6. Facilities, Vessels and Aircraft Maintenance, Repair and Upgrades \$500.0 DGF - Capital Income Fund
7. Pacific Coastal Salmon Recovery Fund \$4,400.0 Fed
8. Sport Fish Recreational Boating and Angler Access \$3,000.0 (\$750.0 Other - Fish & Game Fund, \$2,250.0 Fed)
9. Wildlife Management, Research and Hunting Access \$15,000.0 (\$1,250.0 Other - Fish & Game Fund, \$2,500.0 Other - SDPR, \$11,250.0 Fed)

Mr. Steininger detailed that the appropriation for item 1 was related to an Revised Program Legislative (RPL) Process Overview put forth over the previous summer. The RPL provided access to the federal grant in the current fiscal year but the project spanned fiscal years. The projects were capital in nature and would allow for expending funds over the life of the projects. He highlighted disaster-related funding. He noted that item 3 was to ensure that the state had involvement with what species were put on the endangered species list, and to ensure proposer science was being done in consideration of animals on the list. Items 8 and 9 were traditional projects.

Senator Wielechowski asked about item 3 on slide 8. He asked if the federal government was giving the state \$3 million to potentially sue the federal government.

Mr. Steininger informed that the \$3 million would help support the science and research needed to identify any species for potential inclusion on the Endangered Species Act list. There were state funds being expended as well as federal funds to support the science and research.

Co-Chair Stedman asked about item 7 and the Pacific Coast Salmon Recovery Fund. He wanted to ensure there were matching funds. He requested that OMB highlight Dingell Johnson and Pittman-Robertson federal fund sources. He wondered if the state had to return funds due to lack of

matching funds and asked if the state was subject to any return of funds for lack of matching funds or projects.

Mr. Steininger stated that the projects through the program in item 7 were generally provided matching funds by project partners in communities. He noted that the amount available in the Pittman-Robertson funds and Dingell Johnson funds had been increasing, which was a concern the department tracked. he offered to provide information on how the administration was avoiding sending any funds back.

9:49:01 AM

Senator Hoffman asked for a list of projects associated with the \$3 million for item 8. He wanted to know what the projects hoped to accomplish for boating and angler access. He asked about the split between research and hunting access for the \$50 million on item 9. He asked for a list of projects listed as part of item 9.

Mr. Steininger did not know the split between research and access projects within item 9. He affirmed he would get a list of projects and the criteria for the projects.

Senator Hoffman asked for a complete list of projects that were not being funded as well.

Senator Wielechowski asked about sport fish license fees, which he thought had been cut by \$9. He asked if there were any impacts to the federal match because of the change.

Mr. Steininger knew that the license fee collections and the health of the Fish and Game Fund had been addressed with the Department of Fish and Game (DFG) to ensure it was capable of meeting its obligations. The administration did not have immediate concerns about the ability to retain matching funds but thought it was an issue to be monitored. He noted that the COVID-19 pandemic had impacted some revenues in DFG, and was something to be tracked, but the administration did not have concerns over the ability to match the federal funds listed in the projects.

Co-Chair Bishop thought all the members were interested in item 1 on slide 8. He asked for more background. He was curious how the fishery mitigation money was being spent. He thought people had suffered from poor king salmon returns.

Mr. Steininger stated that the department had begun the work and could update the committee on the progress to date.

Mr. Steininger looked at slide 9, "FY2022 Projects by Department":

Governor

1. Statewide Deferred Maintenance, Renovation, and Repair \$49,250.0 DGF (Capital Income Fund)

Health and Social Services

1. Ketchikan Pioneer Home HVAC Intake Damper Assembly \$76.5 UGF
2. Palmer Alaska Veterans and Pioneer Home Safety Fencing \$61.2 UGF
3. Health Information Exchange \$4,080.9 (\$480.1 UGF, \$3,600.8 Fed)
4. Juneau Pioneer Home ADA-Compliant Courtyard \$424.0 UGF
5. Emergency Medical Services Match for Code Blue Project \$500.0 GF Match
6. MH: Assistive Technology \$500.0 DGF - MH Trust Reserve
7. MH: Home Modification and Upgrades to Retain Housing \$1,150.0 (\$900.0 DGF - MH Trust Reserve, \$250.0 Other - MH Trust Authority)
8. MH: Deferred Maintenance and Accessibility Improvements \$500.0 (\$250.0 DGF - MH Trust Reserve, \$250.0 Other - MH Trust Authority)

Mr. Steininger noted that slide 9 covered all state facilities that were generally not within the Public Building Fund, which would be addressed in a later slide. He explicated that the administration had generally gone from directly funding within departments to comparing facilities across departments to ensure the most urgent needs were met.

[9:54:28 AM](#)

Senator von Imhof noted that one of the members was also the chair of the Senate Health and Social Services (HESS) Committee. She referenced item 3 and the Health Information Exchange. She was curious if the Senate HESS Committee would be interested in looking at the effectiveness of the

exchange. She discussed the \$480,000 to leverage federal funds.

Co-Chair Bishop stated he would work on the matter with Senator von Imhof after the meeting.

Co-Chair Stedman asked about item 1 under the Department of Health and Social Services. He disclosed that he had two family members in the Sitka Pioneer Home. He was concerned about the status of deferred maintenance in Pioneer Homes in Alaska and asked for more information to be brought to the committee. He mentioned a project at the Ketchikan Pioneer Home that involved the HVAC intake damper assembly. The description mentioned inadequate airflow and rusted parts. He was curious if the state was getting behind on Alaska Pioneer Homes. He asked for a status report on deferred maintenance on all of the facilities.

Co-Chair Bishop thought there was a theme of members wanting to see lists of agency action items.

Senator Wilson referenced item 1 and asked if the state had looked at leveraging some additional COVID-19 funding.

Mr. Steininger explained that the requirements of CARES Act funds required that expenditures had to be tied directly to an impact of COVID-19. He thought it would be difficult for some of the projects to establish a direct link and satisfy the federal requirement. He thought in the case of an HVAC system, there could be a connection to air quality. He thought the project description clearly showed that there was a long-time need that did not arise because of COVID-19.

[9:58:26 AM](#)

Senator Wilson wanted to clarify whether DEC had reviewed the items to ensure that COVID-19 was not exacerbating any of the issues. He wondered if the department had examined the deferred maintenance and considered if the items qualified for the COVID-19 funding.

Mr. Steininger affirmed that the department had spent a lot of time to ensure that Pioneer Homes residents were cared for during the pandemic. He noted the difficulty of the situation due to the congregate setting. He assured that the department had considered at those areas where things

like air filtration could be approved or worked on. He thought the department could elaborate on COVID-19 mitigation efforts in the Pioneer Homes.

Co-Chair Bishop had heard Mr. Steininger note that there were three items that were recommended by AMHTA. He referenced a letter from the trust authority. He wanted to distribute the letter for consideration.

10:00:11 AM

AT EASE

10:03:00 AM

RECONVENED

Co-Chair Bishop passed out a letter from Chief Executive Officer Mike Abbott of AMHTA (copy on file). The letter was addressed to the committee co-chairs and expressed concern with the proposed direct appropriations of more than \$16 million in AMHTA budget reserves in the governor's FY 22 budgets and FY 21 supplemental budget proposals.

Co-Chair Bishop was glad to see that Neil Steininger had stated the items on slide 9 were recommended by AMHTA.

Mr. Steininger addressed slide 10, "FY2022 Projects by Department":

Military and Veterans Affairs

1. State Homeland Security Grant Programs \$7,500.0 Fed
2. Mass Notification System - Joint Base Elmendorf Richardson (JBER) \$5,000.0 (\$2,500.0 GF Match, \$2,500.0 Fed)
3. Joint Base Elmendorf Richardson (JBER) Digital Control, Generator, and Preventative Maintenance \$7,850.0 (\$3,812.5 UGF, \$4,037.5 Fed)
4. Kotzebue Tarmac Repair and Maintenance \$5,200.0 (\$4,812.5 UGF, \$387.5 Fed)

Co-Chair Stedman asked about item 4 and wondered why the funds were not mostly federal funds rather than the small matching funds shown.

Mr. Steininger clarified that Co-Chair Stedman had asked a good question. He referenced whether the additional federal money coming from the Federal Aviation Administration (FAA) could be utilized. He agreed to look into the matter. He

noted that when the project proposal was put together, the FAA funds had already been obligated through an RPL. He discussed state versus federal responsibility for the facility.

Co-Chair Bishop asked if Senator Olson had any comment about item 4, which concerned an item in his district.

Senator Olson noted that Kotzebue only had one main runway, which was necessary to get in and out. He proposed that in light of the fact that there were a number of COVID-19 infections in the area, it was very important to maintain the runway. Additionally, there were transportation needs from the Red Dog Mine. He felt very strongly about making sure the tarmac was repaired.

10:07:38 AM

Mr. Steininger advanced to slide 11, "FY2022 Projects by Department":

Natural Resources

1. Agriculture Specialty Crop Block Grant \$4,500.0 Fed
2. Critical Minerals Mapping - Earth MRI (3DEEP) \$2,200.0 (\$500.0 GF Match, \$200.0 Other - SDPR, \$1,500.0 Fed)
3. Abandoned Mine Lands Reclamation Federal Program \$3,200.0 Fed
4. Geological Mapping for Energy Development (USGS STATEMAP) \$900.0 (\$300.0 GF Match, \$600.0 Fed)
5. Cooperative Water Resource Program Pass-through to USGS for Stream Gaging Projects \$300.0 Other - SDPR
6. Federal and Local Government Funded Forest Resource and Fire Program \$7,000.0 Fed
7. Land Sales - New Subdivision Development \$500.0 DGF - State Land Disposal Income
8. Land and Water Conservation Fund Federal Grant Program \$5,652.7 (\$2,152.7 GF Match, \$3,500.0 Fed)
9. National Historic Preservation Fund \$800.0 (\$200.0 Other - SDPR, \$600.0 Fed)

Co-Chair Bishop noticed that the \$250,000 for SnowTRAC grants was not included. He wondered if there had been a typo.

Mr. Steininger affirmed that the item was not in the proposed budget.

10:10:13 AM

Mr. Steininger looked at slide 12, "FY2022 Projects by Department":

Natural Resources - continued

- 10. National Recreational Trails Federal Grant Program \$1,600.0 (\$100.0 DGF - Program Receipts, \$1,500.0 Fed)
- 11. State Park Electronic Fee Stations \$220.0 DGF - Program Receipts

Public Safety

- 1. Marine Fisheries Patrol Improvements \$1,100.0 Fed
- 2. Fire & Life Safety Vehicles \$150.0 UGF
- 3. Crime Laboratory Equipment Replacement \$300.0 UGF
- 4. Replace Training Video Simulator \$240.0 UGF
- 5. AWT Law Enforcement Equipment and Off-Highway Vehicle Replacement \$750.0 UGF
- 6. AST Law Enforcement Equipment Replacement \$500.0 UGF
- 7. Vehicle Replacement \$1,233.6 UGF

Co-Chair Bishop asked about item 7 and wondered if the \$1.2 million was to make the Alaska State Troopers' vehicles "street legal." He asked if the troopers had a mechanic shop to outfit the vehicles with safety accessories or if there would be a reimbursable services agreement back to State Equipment Fleet (SEF).

Mr. Steininger affirmed that the SEF purchased the vehicles. He thought some of the equipment was able to be installed when the vehicles were purchased, and some could not. He thought the Department of Public Safety could address the matter in more detail. He mentioned paying down depreciation credits over time, which ensured that much of the cost of replacement vehicles came from credits built up within the Highway Equipment Working Capital Fund. He noted that the UGF in item 7 was to ensure that the vehicles were street legal.

Co-Chair Bishop asked if the work was being done in-house or through a reimbursable services agreement.

Mr. Steininger agreed to get back to the committee with the information.

10:14:12 AM

Co-Chair Stedman asked about item 3 and thought the committee could use an update on the crime lab after having received an update a few years previously. He mentioned a significant capital investment for the lab and wanted to receive some data on utilization on the square feet of the building. He thought the committee needed an update about a backlog of rape kits in the crime lab. He mentioned significant concerns and wanted to revisit the issue.

Senator Wielechowski thought there was other DNA analysis from felony cases that was in backlog at the crime lab. He agreed with Co-Chair Stedman in that the issue needed to be revisited. He recalled that the state had spent \$100 million on the lab in order to get testing done.

Mr. Steininger showed slide 13, "FY2022 Projects by Department":

Revenue

1. AHFC Rental Assistance for Persons Displaced Due to Domestic Violence - Empowering Choice Housing Program (ECHP) \$1,500.0 UGF - AHFC Dividend
2. AHFC Teacher, Health and Public Safety Professionals Housing \$2,250.0 (\$1,750.0 UGF - AHFC Div, \$500.0 Other - SDPR)
3. AHFC Energy Efficiency Research \$500.0 UGF - AHFC Div
4. AHFC Senior Citizens Housing Development Program \$1,750.0 UGF - AHFC Div
5. AHFC Housing and Urban Development Federal HOME Grant \$4,750.0 (\$750.0 UGF - AHFC Div, \$4,000.0 Fed)
6. AHFC Housing and Urban Development Capital Fund Program \$3,200.0 Fed
7. AHFC Federal and Other Competitive Grants \$7,500.0 (\$1,500.0 UGF - AHFC Div, \$6,000.0 Fed)
8. AHFC Competitive Grants for Public Housing \$1,100.0 (\$350.0 UGF - AHFC Div, \$750.0 Fed)
9. AHFC Supplemental Housing Development Program \$1,500.0 UGF - AHFC Div

Mr. Steininger noted that all the projects on the slide were associated with AHFC. He furthered that most of the items were recurring annually and utilized AHFC dividends. He noted that the dividends were paid to the state and generally used for capital projects.

Co-Chair Bishop noted that the executive director of AHFC was available for questions.

Senator von Imhof wanted to ensure that the budget would not overspend the annual AHFC dividend with all the line items listed on the slide. She referenced item 2 and recalled that the CARES Act had provided something like \$150 million for housing. She wondered how the additional funds might affect the projects and help with housing.

10:18:20 AM

BRYAN BUTCHER, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR, ALASKA HOUSING FINANCE CORPORATION, DEPARTMENT OF REVENUE (via teleconference), noted that the dividend for the current year was a little over \$42.5 million and was not overspent in the proposed budget. He recounted that the state had received \$200 million in federal funds for rent relief, specifically to help renters with rent and utilities. He continued that \$36 million was going to the Municipality of Anchorage, with the remainder going to AHFC. The authority had worked with the municipality, regional housing authorities, and tribal entities, which had received approximately \$95 million. The collaboration would provide a central funding portal and would help avoid duplication. He asserted that the primary benefit of the funds was to prevent people becoming homeless. He relayed that most Alaskans that had lots of jobs or income have had multiple months of difficulty in paying rent, and the funds would probably be able to assist any qualifying applicant.

Senator von Imhof knew that housing was very tight in the state. She thought it was difficult for people to remain in place. She asked if the CARES Act had provided flexibility for creating capacity in housing.

Mr. Butcher explained that the CARES Act funds for 2021 were strictly defined as to recipients and how it could help. The CARES Act funds from 2020 had been more flexible. He noted that President Biden had discussed having an additional \$25 billion in housing assistance in an upcoming stimulus bill. He would continue to work with the congressional delegation to ensure the funding could be broadly applied to provide help to Alaskan renters and homeowners.

10:21:24 AM

Senator Hoffman asked about item 3 and the proposed \$500 thousand for energy efficiency research. He mentioned the Alaska Center for Energy and Power (ACEP) at the University of Alaska Fairbanks and a focus on energy research. He wondered if the funds were being coordinated with energy research at UA and if not, why.

Mr. Butcher stated that the funds were focused on any research that could be done in energy efficiencies with any partners including ACEP. Traditionally, the majority of the funds had gone to projects through the Cold Climate Housing Research Center in Fairbanks. Funds received the previous year matched between \$4 million and \$6 million for a little over \$500,000 in state funds.

Co-Chair Bishop asked about Item 9 on slide 13, and \$1.5 million in UGF for the Supplemental Housing Development Program. He asked if the AHFC Board had approved a higher number than shown.

Mr. Butcher detailed that the board had requested \$3 million for the program.

10:23:48 AM

Mr. Steininger referenced slide 14, "FY2022 Projects by Department":

Revenue - continued

- 10. AHFC Energy Programs Weatherization \$3,000.0 Fed
- 11. MH: AHFC Homeless Assistance Program \$4,550.0 (\$3,600.0 UGF - AHFC Div, \$950.0 Other - MH Trust Authority)
- 12. MH: AHFC Beneficiary and Special Needs Housing \$1,700.0 (\$1,500.0 DGF - MH Trust Reserve, \$200.0 Other - MH Trust Authority)

Transportation and Public Facilities

- 1. Computerized Maintenance Management System (CMMS) - Year 3 \$1,509.5 UGF
- 2. Weigh Station Scale Repairs \$1,000.0 UGF
- 3. Alaska Marine Highway System Vessel Overhaul, Annual Certification and Shoreside Facilities Rehabilitation \$15,000.0 UGF

4. State Equipment Fleet Replacement \$22,000.0 Other -
Highways/Equipment Working Capital Fund

Co-Chair Stedman referenced item 3 and item 4 under DOT. He thought the DOT subcommittee would consider the items and get back to the committee with recommendations. He thought Co-Chair Bishop had been working on the SEF for several years.

Senator Hoffman looked at \$3 million in federal funds listed in item 10 under DOR. He thought the AHFC weatherization program was well-proven., and in the past the state had spent close to \$1 billion. He thought it seemed like the state should have some investment in the program. He requested the administration should look further at the program, which had a direct impact on the citizens of the state. he thought if the state was truly going to reduce energy costs for Alaskans as the governor had mentioned in his State of the State address, the state investment should approach a minimum of \$250,000. He asked the administration to take another look at the item.

10:27:00 AM

Senator Wielechowski wondered about the possibility of federal matching funds for weatherization that the state had not applied for. He asked Mr. Steininger to look into the matter.

Mr. Steininger agreed to look into the matter.

Mr. Steininger turned to slide 15, "FY2022 Projects by Department":

Transportation and Public Facilities - continued

5. Alaska International Airport System \$68,722.1 (\$722.1 Other - International Airport Construction Fund, \$20,800.0 Other - Int. Airport Revenue Fund, \$47,200.0 Fed)

6. Rural Airport Improvement Program \$190,000.0 Fed

7. Alaska International Airport System Reimbursable Projects \$10,000.0 (\$5,000.0 Other - Int. Airport Revenue Fund, \$5,000.0 Fed)

8. Surface Transportation Program \$680,000.0 Fed

9. Federal-Aid Aviation State Match \$14,700.0 Other - AHFC Bonds

- 10. Federal-Aid Highway State Match \$71,200.0 Other - AHFC Bonds
- 11. Other Federal Program Match \$1,300.0 GF Match
- 12. Cooperative Reimbursable Projects \$15,000.0 (\$10,000.0 Other - SDPR, \$5,000.0 Fed)
- 13. Federal Emergency Projects \$10,000.0 Fed
- 14. Federal Transit Administration Grants \$10,000.0 Fed

Mr. Steininger clarified that lines 9 and 10 represented proposed AHFC bonding for the state match for federal aviation aid. In normal years, the funds would be UGF.

Senator Wilson asked for a list of AHFC bonding projects.

Mr. Steininger agreed to provide the information. The list was also included with legislation that would authorize the bonds. In short, he listed the surface transportation matching funds, the aviation transportation funding match, and the two village safe water projects.

Co-Chair Bishop asked for Mr. Steininger to address item 9 and item 10. He asked for further detail on why AHFC bonding was proposed to be utilized.

Mr. Steininger explained that the reason the budget proposed to use AHFC bonding was due to knowing state funding would not be sufficient to meet obligations. The administration had looked for areas in which to utilize different fund sources to ensure that there was money retained in the CBR and liquid assets. Since there was a low interest rate environment, there was some advantage to bonding. He noted that AHFC had communicated that there was an opportunity in the bonding capacity to assist the state's financial situation through the capital budget to free up UGF for other state needs. He acknowledged that the scenario was a one-time situation for the current year, which would leave some cash in the state's accounts to satisfy other obligations.

[10:31:14 AM](#)

Co-Chair Stedman was concerned about using one-time items and thought it was important to consider how AHFC would be constrained in the future. He contemplated the state's significant expenditures such as the Permanent Fund Dividend (PFD), K-12 education, and health and human

services. He did not think the state could continue along with the current structure in statute. He discussed changing the PFD amount and thought there could be more flexibility. He thought there would be robust committee discussion, some fund source changes and increased clarity so that members could make the best-informed decisions possible. He worried about putting too much strain on AHFC so that it could not help in the future. He was skeptical about the fund sources being presented.

Co-Chair Bishop shared that he had concerns about using AHFC funds. He understood there were housing problems in rural Alaska. He mentioned teachers, nursing, and the court system. He did not want to hinder AHFC's ability to address other important issues in the state. He mentioned deferred maintenance and wanted the legislature and the administration to work together towards implementing the one percent rule for an increment to the building fund.

10:34:33 AM

Mr. Steininger considered slide 16, "FY2022 Projects by Department":

Transportation and Public Facilities - continued

15. Highway Safety Grants Program \$8,033.9 (\$33.9 UGF, \$8,000.0 Fed)

16. Federal-Aid Highway Project Match Credits \$1,000.0 DGF - Program Receipts

17. MH: Coordinated Transportation and Vehicles \$1,300.0 (\$1,000.0 MH GF, \$300.0 MH Trust Authority)

Courts

1. Courts Statewide Deferred Maintenance \$2,300.0 UGF

Senator Hoffman asked for the total deferred maintenance for the court system.

Mr. Steininger did not have a number readily available but offered to provide a comprehensive list of all identified deferred maintenance projects.

Senator Hoffman assumed that the list was well above \$100 million. He wanted to have the number available to the committee so members could consider the appropriation. He thought the proposed funding was a token amount to address the maintenance for the court system. He thought the same

was true for the University system as well as the Regional Educational Attendance Area (REAA) maintenance list. He knew that Co-Chair Bishop was aware of the situation.

Mr. Steininger clarified that the court system statewide deferred maintenance amount had been requested by the court system. He acknowledged that as Senator Hoffman had noted, the amount was small in comparison to the overall backlog.

Senator Hoffman encouraged the court system to take a look at the list and come up with a supplemental list to submit to the administration as well as the chairman of the capital budget.

Mr. Steininger displayed slide 17, "FY2021 Capital Supplemental":

- *SB 48 Fast Track Supplemental
- **SB 50 Supplemental in FY2022 Governor
- ***SB TBD Regular Supplemental

Mr. Steininger clarified that the following slides would address capital appropriations that had a FY 21 effective date, which were distributed across three appropriation bills denoted with asterisks as shown on the slide. He noted that there was a supplemental spreadsheet (copy on file) that gave more detail about each item. He explained that SB 48 included items the administration thought needed to be passed sooner, and SB 50 included items for FY 22. He explained that "SB TBD Regular Supplemental" items were emergent things that came up during the course of the year and had varying levels of urgency with project timing but fit within FY 21 as an effective date.

Mr. Steininger highlighted slide 18, "FY2021 Supplemental Projects," which showed a data table with an overall summary. He noted that negative numbers represented repeal of capital projects that finished with additional money left. The number represented a reduction in available capital authority for the projects.

[10:39:35 AM](#)

Mr. Steininger looked at slide 19, "FY2021 Supplemental Projects":

Administration

1. *Retirement System Server Replacement \$230.4 Other (\$162.0 P/E Retirement System Fund, \$67.0 Teachers Retirement System Fund, \$1.4 Judicial Retirement System)

Commerce, Community & Economic Development

1. *Blood Bank of Alaska \$2.3 UGF - AHFC Dividend
2. ***Alaska Energy Authority - Electrical Emergencies Program \$200.0 UGF
3. ***National Petroleum Reserve - Alaska Impact Grant Program \$17,908.8 Fed - NPR Fund

Courts

1. *Court Security Improvements \$1,551.1 UGF - AHFC Dividend
2. *Statewide Deferred Maintenance - Courts \$1,551.2 DGF - Capital Income Fund Dollars in thousands

*SB 48 Fast Track Supplemental **SB 50 Supplemental in FY2022 Governor ***SB TBD Regular Supplemental

Mr. Steininger noted that the fast-track supplemental included a handful of capital projects that were proposed the previous year but not appropriated because of the shortened legislative session. He detailed that the funds for the Blood Bank of Alaska were owed from license plate fees.

Co-Chair Stedman commented on item 1 on the upcoming slide 20, which regarded Mt. Edgecumbe High School. He noted that while the school was in his district, the students were from Senator Hoffman and Senator Olson's districts. He highlighted that there was a large-scale hospital project being built in the area, similar to the hospital built in Bethel. There was work being done to transfer lands from the school to the Southeast Alaska Regional Health Consortium (SEARHC). The lands had to be used for educational purposes and an endowment was being considered to provide a revenue stream for the school. He thought there was obviously a need for updated plans and classroom expansion. He thought the school was the only one in Southeast Alaska that needed classroom expansion. He thought the proposed funds would be well spent.

[10:43:41 AM](#)

Senator Hoffman thought that not only would the hospital project provide Southeast Alaska with a stimulus package, but there would also be additional jobs in healthcare.

Senator Olson wanted voice his support for the Mt. Edgecumbe High School master plan update. He informed that many of his constituents went to Sitka for high school at Mt. Edgecumbe.

Co-Chair Bishop referenced the retirement system server replacement. He recalled that the state had appropriated \$500,000 several years ago for the same project. He asked if the funds were new money that was needed.

Mr. Steininger stated the funds were new and that other funds were collected in the retirement system and could only be used for limited purposes. The funds were in addition to prior appropriations. He agreed to provide an update on the prior appropriations and the status of the funds.

10:46:02 AM

Senator Hoffman spoke to item 2 under DCCED on slide 19. He had mentioned earlier that there was no funding to address the REAA school construction commitment from the state. He referenced the Kasayulie settlement and court decree [In 1997, Kasayulie and other parties brought suit against the State of Alaska regarding the method of funding capital projects for education. The Kasayulie Consent Decree and Settlement Agreement addressed the violations of law and provided remedies for these violations]. He felt that the legislature was not in compliance with the decree and asked Co-Chair Bishop to consult with the Legislative Legal Department on the matter. He noted that the previous year the administration had not proposed appropriating funds for addressing the payment of debt to urban Alaska, while in the current year the budget addressed urban schools but completely ignored the needs of the children in rural Alaska. He thought the state was addressing the needs of urban students and ignoring rural Alaska.

Co-Chair Stedman observed that there was a mechanical tie-in between school bond debt reimbursement for organized areas of the state, with a calculation for rural areas. He recalled that the committee's policy in previous years had been for 100 percent debt reimbursement for the community.

He thought the committee was in disagreement with the administration on the issue. He recognized that there was 50 percent funding in the proposed budget. He anticipated that the committee would be discussing the matter and whether or not the members wanted to fund 100 percent of debt reimbursement along with the REAA funds as in the past. He did not know of any legislative policy change relating to wanting 100 percent bond debt reimbursement. The issue affected the Mat-Su area and Western Alaska, where school construction was needed. He failed to see how the legislature would convince organized areas of the state to build schools at 100 percent of the cost. He thought there were policy differences between the legislature and the executive branch that needed to be rectified.

Senator Hoffman wanted to clarify that he did not believe the administration intentionally discriminated between urban and rural Alaska. He thought the consequence of the oversight of funding for rural schools was not intentional.

Co-Chair Bishop thought the committee would want to discuss major school maintenance, because it was also not in the budget.

[10:50:29 AM](#)

Mr. Steininger wanted to clarify that there was 50 percent funding for school bond debt reimbursement included in the governor's operating budget, as well as 50 percent funding of the REAA Fund deposit in the fund capitalization section of the operating budget.

Senator Hoffman wanted to verify the items in the budget. When he had asked about the funds in a previous meeting, he had been told there was no funds in the budget.

Mr. Steininger addressed slide 20, "FY2021 Supplemental Projects":

Education

1. ***Mt. Edgecumbe High School Master Plan Update \$330.0 DGF - School Fund
2. ***Statewide School Capital Funding Forecast Database \$240.0 DGF - School Fund

Environmental Conservation

1. *** Village Safe Water and Wastewater Infrastructure Projects: Expansion, Upgrade, and Replacement of Existing Service \$1,460.0 GF Match
2. ***Village Safe Water and Wastewater Infrastructure Projects: First Time Service Projects Supplemental \$2,190.0 GF Match

*SB 48 Fast Track Supplemental **SB 50 Supplemental in FY2022 Governor ***SB TBD Regular Supplemental

Mr. Steininger noted that the federal grant associated with item 1 under DEC had increased significantly and additional matching funds were required. The department had the existing federal authority to collect the federal funds associated with the match, therefore the funds were not listed.

Co-Chair Bishop thought it would be nice to see what the state's matching General Fund dollars were leveraging.

Mr. Steininger affirmed he would provide the additional information related to federal funds for item 1.

Mr. Steininger advanced to slide 21, "FY2021 Supplemental Projects

Fish and Game

1. *Pacific Salmon Treaty Chinook Fishery Mitigation \$7,700.0 Fed
2. *Facilities, Vessels and Aircraft Maintenance, Repair and Upgrades \$500.0 DGF - Capital Income Fund
3. *Sport Fish Recreational Boating and Angler Access \$3,000.0 (\$750.0 Other - Fish and Game Fund, \$2,250.0 Fed)
4. *Wildlife Management, Research and Hunting Access \$10,000.0 (\$50.0 Other - Fish and Game Fund, \$2,450.0 Other - SDPR, \$7,500.0 Fed)

Governor

1. *Primary and General Elections Security Due to COVID-19 \$3,000.0 Other - Election Fund
2. *Statewide Deferred Maintenance, Renovation, and Repair \$5,903.8 DGF - Capital Income Fund

*SB 48 Fast Track Supplemental **SB 50 Supplemental in FY2022 Governor ***SB TBD Regular Supplemental

Mr. Steininger noted that item 1 under DFG was redundant with a project in the FY 22 request, and would be removed with an amendment. There was funding for much-needed maintenance on vessels, facilities, and aircraft that was utilized by DFG. In the Office of the Governor, there was proposed \$3 million appropriation for a grant received for election security. He discussed the Division of Elections' need to utilize the funds. He pointed out additional statewide deferred maintenance and noted that there was a much larger request for FY 22.

10:54:13 AM

Mr. Steininger looked at slide 22, "FY2021 Supplemental Projects":

Law

1. *Prosecutor Recruitment and Housing to Address Sexual Assault and Sexual Abuse of a Minor Case Backlog \$4,000.0 DGF - Higher Ed Fund

Military and Veterans Affairs

1. *Bethel Readiness Center Security Upgrades \$140.0 (\$70.0 DGF - Capital Income Fund, \$70.0 Fed)
2. *Bethel Readiness Center Water System Sustainment \$250.0 (\$125.0 DGF - Capital Income Fund, \$125.0 Fed)
3. *Kotzebue Readiness Center HVAC Life-Cycle Replacement \$500.0 (\$250.0 DGF - Capital Income Fund, \$250.0 Fed)
4. *Statewide Roof, Envelope, and Fall Protection \$1,700.0 (\$850.0 DGF - Capital Income Fund, \$850.0 Fed)
5. ***Reappropriation from Department of Administration for Alaska Land Mobile Radio Dollars in thousands
*SB 48 Fast Track Supplemental **SB 50 Supplemental in FY2022 Governor ***SB TBD Regular Supplemental

Mr. Steininger pointed out key maintenance items that were included in the fast track supplemental. The items would benefit from the ability to start earlier rather than wait for the next fiscal year. He explained that the Alaska Land Mobile Radio System (ALMR) listed under item 5 was transferred from the Department of Administration to the Department of Military and Veterans Affairs. The item

proposed to clean up the department listing on prior appropriation of capital projects.

Co-Chair Bishop asked for a total of how much the reappropriation for ALMR was.

Mr. Steininger agreed to provide the information.

Mr. Steininger spoke to slide 23, "FY2021 Supplemental Projects":

Natural Resources

1. *PARKS Land and Water Conservation Fund Federal Grant Program \$4,400.0 (\$900.0 UGF - AHFC Div, \$3,500.0 Fed)
2. *Geologic Materials Center Multispectral Scanning Equipment \$1,290.0 (\$865.0 UGF - AHFC Div, \$275.0 DGF - Program Receipts, \$150.0 Other - SDPR)
3. ***Enhance Capacity at Geological Material Center \$375.0 Other - SDPR
4. ***Exxon Valdez Oil Spill Outreach \$49.1 Other - EVOS Settlement
5. ***Land Sales - New Subdivision Development \$750.0 Other - State Land Disposal Income Fund

Revenue

1. *Reapprop for Tax Expertise, Economic Impact Analysis, and Legal Analysis - Est \$484.4
2. **Revenue Collections System Enhancements \$24,529.4 (\$10,000.0 DGF - Program Receipts, \$15,529.4 Fed)

*SB 48 Fast Track Supplemental **SB 50 Supplemental in FY2022 Governor ***SB TBD Regular Supplemental

Mr. Steininger noted that the federal funding for item 1 under DNR had gone up since the previous year.

Co-Chair Stedman asked about item 1 under the Department of Revenue. He asked how quickly the economic analysis would be implemented. He pointed out that the legislature was already underway with addressing the structural deficit. He thought the legislature might have conclusions before the consultants had conclusions.

Mr. Steininger stated the item was proposed as part of the fast-track supplemental because the discussions were already happening. He suggested that access to the level of

expertise requested was critical to analyze various proposals that might come forward.

Co-Chair Stedman asked if the analysis would be of proposals that might come forward, or rather analysis of proposals to be assembled and put forward by the executive branch. He wondered if the analysis would be advocating tax increases to the citizens.

Mr. Steininger stated that the administration had not introduced a specific tax proposal, but it needed the expertise to analyze any ideas or proposals that came forward or could be brought forward.

[10:59:56 AM](#)

Senator von Imhof asked why the legislature should expend \$484,000 if the governor was not going to put forward any tax proposals. She wondered what consultants would analyze if the legislature did not put forward any tax proposals. She wondered if it made sense to allocate the money and have the governor put forward a bill or two with revenue ideas.

Mr. Steininger did not want to speculate about what bills might go forward but asserted that the administration needed to investigate the impacts of various measures that could be put forward. He asserted that having the expertise to do the research work and understand the impacts was critical to inform opinions on potential revenue measures that might be proposed.

Co-Chair Stedman thought there was a \$5 billion proposal to bring gas from Point Thomsen. He asked if there had been analysis of the potential impact that might take into account the impact on the treasury, credits, offsets, and impacts on royalties. He mentioned Point Thomson Settlement Agreement issues.

Mr. Steininger thought the Point Thomson question was a much larger topic that he deferred to DNR's analysis team.

Co-Chair Bishop thought Co-Chair Stedman's question was a good question for the following day's meeting.

[11:02:19 AM](#)

Mr. Steininger referenced slide 24, "FY2021 Supplemental Projects":

Transportation and Public Facilities

1. *Decommissioning and Remediation of Class V Injection Wells \$1,700.0 UGF - AHFC Div
2. *Public Building Fund Deferred Maintenance, Renovation, Repair and Equipment \$5,946.0 Other - Public Building Fund
3. **Reappropriation of Unexpended Balances to the Commercial Passenger Vessel Tax Account \$-8.595 Other - Commercial Passenger Vessel Tax
4. **Reappropriation of Unexpended Balances to the Alaska Capital Income Fund \$-16,542.8 (\$-9,500.0 CBR, \$-3,252.3 UGF, \$-3,790.5 DGF - Capital Income Fund)
Dollars in thousands

*SB 48 Fast Track Supplemental **SB 50 Supplemental in
FY2022 Governor ***SB TBD Regular Supplemental

Mr. Steininger noted that item 3 and item 4 were reflective of negative numbers he had mentioned earlier and signified repeals of existing capital projects. The funds from item 3 would go back into the Commercial Passenger Vessel Tax Account and had federal spending restrictions. The dollars from item 4 were proposed to be deposited into the Capital Income Fund in the operating budget to bolster the ability to support deferred maintenance activities.

Senator Wilson asked if Mr. Steininger saw any issues or challenges with the reappropriation proposed in item 4.

Mr. Steininger asked if Senator Wilson was referring to challenges in terms of whether the funds were available.

Senator Wilson noted that some of the funds were from GO bonds, and other funds were related to Constitutional Budget Reserve (CBR) access. He mentioned the three-quarters vote required to access funds.

Mr. Steininger stated that the GO bond mentioned by Mr. Steininger was more of a clerical error. He relayed that the administration had been in conversation with LFD regarding interpretations of reappropriation mechanisms of CBR projects. There was discussion as to how the monies would be implemented and there were technical questions being worked through.

Senator Hoffman noted that during the last address by the congressional delegation Senator Lisa Murkowski had mentioned that the federal government and her office had looked into small-scale nuclear power as an option for Alaska. The committee had spent several hundred thousand dollars to get a report on the matter. He relayed that there had been an update the previous month by the Alaska Center for Energy and Power. He stated he would provide the report to the committee. He quoted the letter's conclusion: "It is imperative for Alaskans to make careful well-informed decisions about nuclear development in our unique state."

Senator Hoffman had received a letter the previous summer regarding the Kasayulie case, which he would also provide to members. The letter was from Holland and Knight and was dated July 24, 2019 and asked for response to the administration's decision of how it was treating the case. The letter asked the governor to reassess his position on the case. He did not know if the letter had been responded to but wanted a copy of any response. The authors of the letter were holding to the consent decree, and if the state did not comply had planned on reopening the case. He asked Mr. Steininger to make any written response available to the committee.

Co-Chair Bishop discussed the agenda for the following day.

#

ADJOURNMENT

11:08:25 AM

The meeting was adjourned at 11:08 a.m.